

To:	Board
Date of Meeting:	12 October 2011
Item:	Paper (11) 75

Title:	Chief Executive's progress report: October 2011
Workstream(s):	All
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Status:	Protect

Summary:
<p>The paper updates Board Members about:</p> <ul style="list-style-type: none"> • operational and governance issues • progress on key projects • other internal and external policy developments • stakeholder and communications activities.

Recommendation(s):
The Board is invited to note the Chief Executive's progress report.

Risks and mitigations
Financial: N/A.
Legal: N/A.
Reputational: N/A.
Resource: N/A.

Consultation	Yes	No	Who / why?
Board Members:		✓	N/A.
Consumer Panel:		✓	N/A.
Others:	N/A.		

Freedom of Information Act 2000 (Fol)		
Para ref	Fol exemption and summary	Expires
18	s36(2)(b) – free and frank provision of advice / exchange of views.	Tbc.

LEGAL SERVICES BOARD

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Chief Executive's progress report: October 2011

Operations and governance issues

Organisation development and governance

1. In September, we welcomed Nicholas Baré to LSB. He is covering the Business Planning Associate role whilst Michelle Jacobs is on maternity leave. Nicholas joins us from the Design Council, and he has previously worked at the Office of Fair Trading (OFT).
2. Equality and diversity training has been sourced and will be offered to all colleagues (including Board Members) before Christmas. The training provider was sourced through competitive tender and the proposal looks set to provide an interesting and enjoyable programme covering 'hard' and 'soft' aspects of equality and diversity.
3. In March this year, Ministry of Justice (MoJ) Corporate Finance undertook a review of financial governance arrangements of its arm's length bodies. After some prompting, we have now received a letter from Helen Edwards (Acting Permanent Secretary) congratulating LSB for co-operating with the exercise and for the quality of our governance arrangements.
4. Further to the Board's strategy session in September, the Executive has been working on the development of the Corporate and Business Plan for 2012/15. Attached at **Annex A** is a high-level outline of the combined Plan, which gives an overview of the type of content that will be included.

Governance

5. At the last meeting, the Board agreed: (1) schedules of (re-)appointments to Office for Legal Complaints (OLC) and Legal Services Consumer Panel ('the Panel'); and (2) to commence the process to appoint a new Lay Member of OLC, effective from 1 February 2012. The schedules are staggered to allow for a gradual re-refresh in membership and are aligned to the year-end appointments schedule for LSB, which will allow for more effective advertisement and selection processes. In accordance with Legal Services Act 2007 ('the Act'), the Lord Chancellor has been invited to approve the re-appointments to the Panel.
6. The recommendations of the annual review of the LSB Governance Manual will be presented for endorsement to the Audit and Risk Committee on 10 October. Subject to the comments of the Committee, the Board will be invited to approve the recommendations at its meeting on 30 November.

Project update

Programme highlight report

7. The October Programme Highlight Report will be circulated shortly following the meetings of the Programme Board and Senior Management Team at which it will be reviewed. The departure of two Project Managers has meant that some work has had to be re-allocated and this has provided an opportunity to step-back and review plans. However, at this stage, there is no significant slippage to bring to the Board's attention.

Alternative Business Structures (ABS)

8. The standing paper about the key issues and risks facing the implementation of ABS is presented to this meeting (see **Paper (11) 72**). A paper about the next steps for ABS is also presented for information (see **Paper (11) 73**). We plan to remove the standing paper from the agenda, once SRA's designation has been confirmed.

Research

9. In the past month:
 - we published the market segmentation, City firms and Special Bodies research reports
 - we held a series of colleague workshops about the Regulatory Information Review (**RIR**) and recent research publications
 - we completed the demand side report of the RIR for comments by colleagues and key stakeholders.
10. Our focus over the coming months will include:
 - commissioning with The Law Society and / or MoJ research about 'high street' provision of legal advice – the logistics of cooperation are proving challenging. I will update colleagues at the meeting.
 - commissioning research about consumer use of legal services to support the evaluation and review of probate and estate administration
 - commissioning research about the effectiveness of differing forms of protections over costs when purchasing legal services
 - completing a draft report for internal comment about the impact of reforms to small claims court rules on access to justice
 - agreeing data sharing arrangements with College of Law about the destination of their graduates
 - finalising for publication the supply side report of the RIR
 - publishing international education research report.

Regulatory decisions

Decisions

11. Two decision notices have been issued since my last report:
 - Solicitors Disciplinary Tribunal's procedures in relation to appeals
 - Costs Lawyer Standards Board's governance arrangements.
12. Four directions to exempt applications have been issued:
 - Solicitors Regulation Authority (**SRA**) Commencement, Repeals and Amendment (No 2) Rules 2011
 - Council for Licensed Conveyancers (**CLC**) Appointment Regulations
 - CLC Compensation Fund contribution 2011
 - Bar Standards Board (**BSB**) Hearings before the Visitors Rules.
13. Two applications for approval of Practising Certificate Fees (under Section 51 of the Act) have been granted:
 - Council for Licensed Conveyancers
 - The Master of Faculties.

Designation

14. 

Independence

The Bar Council / BSB

15. The final assessment of The Bar Council / BSB dual self-certificate of compliance with the Internal Governance Rules (**IGR**) has now been published. As noted previously, it concluded that, whilst their arrangements were not yet fully compliant, the progress and commitments made were acceptable for this year. BSB has since announced its new, lay-majority membership.

The Law Society / SRA

16. I will provide an update at the meeting about developments in relation to The Law Society / SRA dual self-certificate of compliance with the IGRs.

Other policy developments

17. Other policy developments include:

- **Quality Assurance Scheme for Advocates (QASA)** – the Chairman met Thomas LJ on 28 September to discuss judicial support of QASA and further discussion is expected this week with the Chief Executives of the bodies comprising the Joint Advisory Group. I will provide an update about developments at the meeting
- **Scope of regulation** – we hosted a workshop on 29 September, involving key partners in the scope of regulation work, to discuss feedback about our discussion document. Crispin Passmore (Strategy Director) and Chris Handford (Project Manager) will visit Legal Ombudsman (**LeO**) on 7 October to provide a briefing about the work
- **Stakeholder activities** – The Chairman met recently the President and Chief Executive of Institute of Legal Executives (**ILEX**), Lord Neuberger MR and Elisabeth Davies (Chair of the Panel). He and I also met the Chairman and Chief Executive of ILEX Professional Standards and will shortly meet Dame Janet Gaymer and Sir Mark Potter (who are co-chairing the consultative forum of the Legal Education and Training Review). In addition, I attended a meeting at No 10 Downing Street, chaired by Lord McNally (Minister of State for Justice), to discuss social mobility in the legal profession. I will soon meet senior OFT colleagues for a regular catch up about, for example, our work on conveyancing and will-writing as well as our emerging strategy and research plans).

Judicial reviews

18. Colleagues will recall that LSB is an 'Interested Party' in an action relating to the impact of the Qualified Lawyer Transfer Scheme on those students who are currently studying for the Bar on a part-time basis and who might wish to seek to re-qualify as solicitors.



[s36(2)]

19. We have consulted a variety of stakeholders about the planned intervention in the Prudential case, which the Board discussed at its last meeting. This process has not so far uncovered any fundamental objections.

Legal Ombudsman (LeO) / Office for Legal Complaints (OLC)

20. I met Adam Sampson on 3 October for our monthly catch-up. We discussed a 'governance schedule' of LSB and OLC interactions, which I agreed at our four-way meeting with our respective Chairs in September to review and to revise. The Chairman will send a copy of the schedule to Elizabeth France (OLC Chair) for her endorsement and I will in turn share a copy of the agreed schedule with colleagues.
21. Steve Green and Julie Myers (Corporate Director) met Tony Foster (OLC Member) and LeO colleagues on 5 October to review targets and KPIs for

2012/13. The OLC Chair will be attending the meeting to present the draft LeO business plan and will no doubt be able to provide an update about the development of the suite of indicators and targets for 2012/13.

22. We expect to receive soon OLC's report about the performance of LeO in Q2. I will provide an update at the meeting.
23. The Framework Agreement between OLC and MoJ, which includes appropriate wording about LSB's unique responsibilities, has now been agreed.

Legal Services Consumer Panel

24. The first meeting of the Panel to be chaired by Elisabeth Davies was held on 20 September. The Panel received a presentation from SRA about its forthcoming consumer engagement strategy and from the Council of Mortgage Lenders.
25. The BIS consultation on proposals for the new consumer architecture closed on 27 September. We submitted a brief response, reiterating our support for the Panel's model.

Communications

26. Much of our communications activity has focused on the key ABS date of 6 October. The LSB reception will be addressed by the Parliamentary Under-Secretary of State for Justice and we have been working closely with his office and other MoJ officials. In addition, we have signed-off a joint written briefing with CLC and SRA, which puts the reforms into terms that are tailored to the interests of city, consumer and business desk commentators. We have also agreed joint lines to take and media handling 'Q&As' that can assist in keeping to a shared line on the significance of the reforms. In addition, we have provided an article for the new *Justice Gap* website, a version of which will appear in *The Times* on the day the first ABS begin trading.
27. Speaking engagements over the past month included the annual conference held by the Notaries, at which the Strategy Director set out regulatory reforms of particular interest to that arm of the profession. Pro-active briefing of commentators included an in-depth session on the scope of regulation work.

03.10.11

LSB Corporate and Business Plan for 2012/15 – high-level outline

Annex A

Chapter headings (all tbc)	Summary of content	Approximate length
Foreword by Chairman	<p>Brief rehearsal of why we're here and what's achieved/changed since three years ago</p> <p>Emphasise what still needs to be done and why and rehearse all who benefit (public, consumers, profession, business, UK economy etc)</p> <p>Focus on the way we work – better regulation, firm but fair</p> <p>Note that we've been surprised how far we have had to lead – challenge for ARs is to do more if other models are to return to the table</p> <p>Refresh desire for partnership but nuance around new roles for new era (reg v rep)</p> <p>Pitch around changing nature of market-place, forces acting upon it, opps for innovation etc</p>	To pages max
Overview by Chief Executive	<p>The story so far (strategy day paper) compressed into two pages and splicing the 'what we have done' into the 'what still needs to be done'</p> <p>This must explicitly include the 'we could be the dull audit committee – up to you' challenge</p> <p>Observations on what LSB has learned and thus how it is changing its way of working</p> <p>Commitment to maintaining economy</p>	Two pages max
About us	<p>Who we are, what we do and why, our vision (enhanced in line with Board discussion)</p> <p>Our aim is to make the market work better by</p> <ul style="list-style-type: none"> • Removing outdated regulation that blocks innovation • Helping consumers through better targeted empowerment and protection • Improving the performance of approved regulators 	One / two pages max
Context for plans	<p>Summary of context papers from strategy day but really distilled – could be boxes rather than text focusing on key areas for context</p> <p>This to include reminder about the outcomes are for the longer term – not just short/immediate term</p>	Four pages max

<p>What we need to do and what success will look like</p>	<p>tbc</p>
<p>1. Regulatory oversight and performance</p>	<ul style="list-style-type: none"> • Developing standards and self assessment including regulatory structures • Risk-based reviews – including complaints, conveyancing • New LA/AR development • OFR development • Extending reserved activity development for existing AR • Rolling out new reserved activities across sector • Ongoing market development – eg ABS regime for special bodies and related trouble shooting of emerging issues • OLC oversight • Enforcement (not a project)
<p>2. Regulatory decision making</p>	<ul style="list-style-type: none"> • Designations • Capacity and capability related to designations • Practicing certificate approval • IGR dual self certificate • Regulatory arrangement changes • SDT oversight
<p>3. Research and regulatory development</p>	<ul style="list-style-type: none"> • Research plan • Education and training for entire workforce • Approaches to quality • Scope of regulation/reservation (will writing and beyond) • Diversity and social mobility • Evaluation plan

<p>What will success look like</p>	<p>Reminder about the longer term Cross-reference to evaluation framework Also need to weave in anticipated outcomes within the above (as we did in years 1- 3 plans) Plus operational KPIs (rules/finance/FOI etc)</p>	
<p>Key risks to our work</p>	<p>Summary – from context and corporate</p>	
<p>What we need to deliver our programme</p>	<p>Finance: <ul style="list-style-type: none"> - Our budget for 2012/13 (and estimate for 13/14 and 14/15) - Recouping the money (levy process inc OLC and case fee review) - How our budgetary strategy relates to our business approach - How we will show/ensure value for money? (audit etc) People Legal Comms Finance / IT / services</p>	
<p>Appendices</p> <ul style="list-style-type: none"> - Org chart - Three year summary bar charts - Milestones for 2012/12 - Matrix showing ROs and workstreams 	<p>Plus equality objectives – or possibly as a stand-alone document</p>	
<p>Inner cover (front) – regulatory objectives and professional principles</p>		